



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 30, 1998

H.R. 2886
Granite Watershed Enhancement and Protection Act of 1998

*As ordered reported by the Senate Committee on Energy and Natural Resources
on July 29, 1998*

CBO estimates that enacting H.R. 2886 would have no significant impact on the federal budget. Because the act would increase direct spending, pay-as-you-go procedures would apply, but we estimate the increase would total only about \$200,000. This act would impose no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. The state of California and local governments in the state might choose to share in the cost of this project, but their involvement would be voluntary.

H.R. 2886 would authorize the Secretary of Agriculture to enter into a five-year contract with a single private contractor to perform multiple management activities on federal land in the Stanislaus National Forest in California and to fund that contract using receipts from forest products removed by the contractor, as well as funds provided by the state of California and appropriated funds.

The U.S. Forest Service is planning to conduct the Granite Watershed Pilot Project on an area known as the Granite Burn over the next five years. Work to be performed under the contract will include timber stand thinning, brush removal, road closures and maintenance, and other land management work. According to the Forest Service, outlays to implement the project will total about \$5 million over the 1999-2003 period. The agency plans to conduct the project, including the timber stand thinning, under current law using appropriated funds. (The agency has applied for a grant from the CALFED Bay-Delta Program, a consortium of federal and state agencies, to partially fund the project, but that grant may or may not be awarded.)

Enacting H.R. 2886 would allow the agency to pay for a portion of the project using offsetting receipts generated from the project's timber stand thinning. The Forest Service expects the thinning to generate offsetting receipts of approximately \$200,000 in fiscal year 1999. Based on information from the Forest Service, CBO estimates that enacting H.R. 2886

would increase direct spending outlays by \$200,000 in fiscal year 1999. Because the act would allow the Forest Service to use the receipts to pay for the project, enacting the legislation could either decrease discretionary outlays by about \$200,000 or allow the agency to fund additional work, depending on how the Forest Service implements the project. CBO estimates that other provisions in the act would have no net effect on the federal budget.

On May 11, 1998, CBO prepared a cost estimate for H.R. 2886, as ordered reported by the House Committee on Resources on April 29, 1998. This version of H.R. 2886 is virtually identical to the House version, and the estimated costs are the same.

The CBO staff contacts for this estimate are Victoria V. Heid (for federal costs), and Marjorie Miller (for the state and local impact). This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.